THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (d) The Indian Companies, viz., GAIL (India) Limited (GAIL)/ Indian Oil Corporation Limited (IOCL)/ Bharat Petroleum Corporation Limited (BPCL) have signed a Sale Purchase Agreement (SPA) with the Iranian company NIGEC (National Iranian Gas Export Company) on 13th June 2005 for import of 5 MMTPA of LNG (liquefied natural gas) for a period of 25 years beginning the last quarter of 2009.

As regards the import of piped gas from Iran, the Government is discussing the details of the Iran-Pakistan-India (IPI) Gas Pipeline Project with the Governments of Iran and Pakistan. Two separate, Secretary-level Joint Working Groups (JWGs), viz., India-Pakistan JWG and India-Iran Special JWG (SJWG), have been constituted for this purpose. So far, two meetings each of the India-Pakistan JWG and the India-Iran SJWG have been held. The meetings of the India-Pakistan JWG were held on 12th & 13th July, 2005, in New Delhi and on 8th & 9th September 2005, in Islamabad. The meetings of the India-Iran SJWG were held on 3rd & 4th August, 2005, in New Delhi, and 24th October, 2005, in Tehran. The third set of meetings is scheduled for December, 2005. Various technical, commercial, financial, legal and related issues were discussed in these meetings and reviewed by the Indian and Iranian Ministers at their meeting in Riyadh on 19th November on the sidelines of the International Energy Forum Round Table Conference. The Pakistan Minister is scheduled to visit India after the next meeting of the India-Pakistan JWG. It is envisaged that the project structure and framework agreement for the project might be finalized by early next year.

Petroleum price in international market

697. SHRI ABU ASIM AZMI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that petroleum price has increased tremendously in USA and other western countries recently;

(b) the extent of the adverse impact of such an increase in the price in India; and

(c) the steps proposed to be taken by Government in this regard to protect the public?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) Yes, Sir. The prices of WTI (West Texas Intermediate, the bench mark crude oil in the USA) rose from US$ 56.35/bbl to US$ 62.28/bbl during the period June 2005 to October 2005. Similarly the price of Brent (dated) (bench mark crude oil in Europe) also rose from US$ 54.39/bbl to US$ 58.61/bbl during the same period.

(b) The fluctuation in international oil prices has a cascading effect on the overall economy affecting primary sectors such as transport, power, fertilizers etc. besides generating inflationary potential and slowing down the growth rate of the economy.

(c) With a view to containing the burden of the increase in international prices on consumers of petroleum products, Public Sector Oil Marketing Companies (OMCs) have not passed on the full increase in international prices to the domestic consumer prices of these products. The burden borne by oil companies will, of course, go up to the extent that domestic prices are not revised upwards when international prices shoot up. With effect from 1st August 2004 Government had worked out a price band mechanism, allowing OMCs freedom to revise the prices of petrol and diesel within the prescribed price band. However, the steep and volatile increase in the international prices of crude oil resulted in the ceiling of the price band being breached within weeks of its being made operational resulting in the mechanism being placed in abeyance. It is hoped that when international prices stabilize, or Government so decides, the price band mechanism might be restored. It may be noted that private sector companies are free to fix their prices.

Illegal use of LPG

698. SHRI DATTA MEGHE: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there was shortage of supply of LPG in the Capital and other States of the country during September and October, 2005;

(b) if so, the details thereof;

(c) the specific reasons for shortage of LPG;

(d) the measures taken to overcome the shortage of LPG;